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CONFIDENTIAL

THE SITUATION WITH RESPECT TO THE NATIONALIST OCCUPIED
ISLANDS OFF THE COAST OF MAINLAND CHINA

ARMY Declass/Release Instructions On File

This estimate supplements Special National Intelligence Estimate Number 100-4-54, and is a summary thereof.

Submitted by the Director of Central Intelligence.
The Intelligence Advisory Committee concurred in this estimate on 10 September 1954.

For the dissenting view of the Assistant Chief of Staff, G-2, with respect to Chinese Communist intentions, see footnotes to paragraphs 3 and 5.

Maps used for Denver, NSC Meeting, 12 Sep 54

showing the area shelled and the location of the Chinese Communist artillery and carrying a statement of the Nationalist estimate on the situation.

showing the positions and movements of both the Nationalists and Communists.

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10 September 1954

**SUMMARY AND SUPPLEMENT TO SNIE 100-4-54: THE SITUATION
WITH RESPECT TO THE NATIONALIST OCCUPIED ISLANDS OFF
THE COAST OF MAINLAND CHINA***

ESTIMATE

We believe that:

1. The Chinese Communist objective is to take over the Nationalist occupied islands at some time, and they look upon such action as an essential part of the consolidation of their control of all China.

2. The Chinese Communists have the military potential to seize and hold the Nationalist occupied islands against any defense which the Chinese Nationalists alone can make available. In the case of Quemoy, which is well defended, a successful assault would be difficult and time consuming and would involve particularly heavy losses. (The question

* The Chinese Nationalists maintain regular forces on the Tachens, Nan Chi Shan, Matsu, White Dog, and the Quemoy (Chinmens). These islands are referred to as the Nationalist occupied islands. This phrase does not include Taiwan and the Pescadores.

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as to whether the Nationalist occupied islands could be held by the Chinese Nationalists if the United States supplied naval and air support, or naval, air, and ground support, is a matter to be passed upon by the Joint Chiefs rather than by the Intelligence Advisory Committee.)

3. Peiping presently believes that an all-out effort to take the Nationalist occupied islands might well involve a substantial risk of war with the US, and they will continue in this belief so long as sizeable US forces are maintained in the Western Pacific and so long as the Chinese Communists believe that these forces may be used to support a Nationalist position on the Nationalist occupied islands. We believe that the Chinese Communists desire to avoid a war with the US.*

* The Assistant Chief of Staff, G-2, believes that paragraph 3 should read as follows:

"We believe that Peiping presently estimates that efforts to take the Nationalist occupied islands would involve a risk of war with the US. The Communists probably will continue to feel that this risk exists so long as sizeable US forces are maintained in the western Pacific, and so long as US policy to support Nationalist China remains unchanged. We believe that the Chinese Communists desire to avoid war with the US. However, we believe that in spite of the Communist feeling that risk of war will be involved, they are likely to attempt to seize some of the Nationalist occupied islands."

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4. Nevertheless, as long as the Chinese Communists are uncertain as to US intentions, they will be increasingly willing to undertake probing actions designed to test US intentions and to conduct raids against the Nationalist occupied islands, to occupy undefended adjacent islands, and to increase air, naval, and artillery activities. If such actions encounter no appreciable US counteraction the Chinese Communists will probably increase the scale of their attacks even to the extent of attempting to seize major Nationalist occupied islands.

5. The Chinese Communists would probably be deterred from an all-out attempt to seize the occupied islands if they were convinced that the result of such action would be military counteraction by the US including attacks on bases on the China mainland. They would be so convinced if the present US guarantee with respect to Taiwan and the Pescadores were extended to the Nationalist occupied islands and were made known to the Chinese Communists.*

* The Assistant Chief of Staff, G-2, believes that paragraph 5 should read as follows:

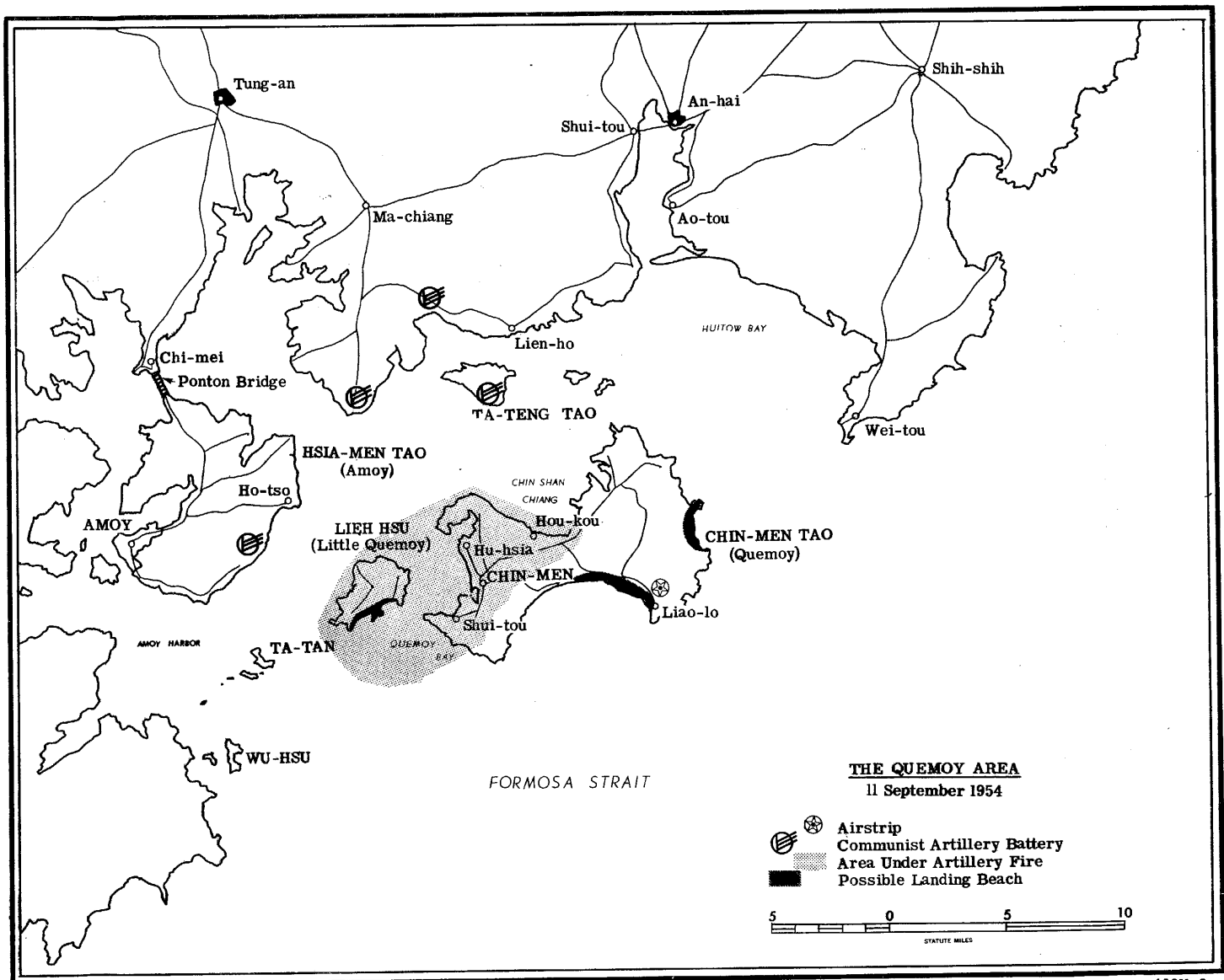
"The Chinese Communists might not be deterred from an attempt to seize some of the occupied islands even though we announce that the result of such action will be military counteraction by the US including attacks on bases on the China mainland. They probable would not be convinced of US military counteraction if the present US guarantee with respect to Taiwan and the Pescadores were extended to the Nationalist occupied islands and were made known to the Chinese Communists."

6. In the absence of a prior US guarantee, a takeover of the islands by a successful Chinese Communist attack would have serious psychological and prestige consequences for the Chinese National Government and would result in some loss of US prestige. However, these consequences would be somewhat mitigated for the United States and possibly for the Chinese National Government* if the military garrisons and civil population of the islands were voluntarily evacuated and the reason for such action clearly set forth, and if simultaneously US policy with respect to Taiwan and the Pescadores were reaffirmed. If the islands should fall to the Communists after the US Government had guaranteed their defense, the adverse effects on the Chinese National Government would be greatly intensified and US prestige throughout the world would suffer a serious blow.

7. If, as a result of military action in regard to these islands, the US became involved in large scale fighting with Communist China, this would have serious repercussions upon the conduct of US policy in

* The Deputy Director for Intelligence, The Joint Staff; the Assistant Chief of Staff, G-2; and the Director of Naval Intelligence, believe that these consequences would not be mitigated for the Chinese National Government.

other parts of the world. Moreover, it must be assumed that in this case Communist China would do all in its power to make the Sino-Soviet Treaty operative.



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